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# Leasing Activities Information

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U.S. Department of the Interior  
Minerals Management Service  
Alaska OCS Region

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## Notice of Sale Cook Inlet Oil and Gas Lease Sale 191

Enclosed is the Final Notice of Sale for Sale 191 Package (FNOS 191 Package), Cook Inlet, to be held on May 19, 2004, in Anchorage, Alaska.

In addition to the FNOS 191, this Package consists of:

- Lease Stipulations and Information to Lessees for Oil and Gas Lease Sale 191
- Royalty Suspension Provisions for Sale 191
- List of Blocks Available for Leasing for Lease Sale 191
- Nonprocurement Debarment and Suspension Notice of Regulatory Changes
- Bid Form and Envelope
- Telephone Numbers/Addresses of Bidders Form
- Instructions for Making EFT Bonus Payments

All of these documents may be found on the Internet at: <http://www.mms.gov/alaska>.



**Please Note:** Terms and conditions for Sale 191 include the following:

The stipulations (mitigating measures) for Sale 191 are similar to those used in Lease Sale 149, our most recent sale in Cook Inlet. Those measures were analyzed and modified as a result of scoping for the EIS for Sales 191 and 199.

**Stipulations:** There are four stipulations that will apply to leases resulting from this sale:

- Stipulation No. 1 – Protection of Fisheries
- Stipulation No. 2 – Protection of Biological Resources
- Stipulation No. 3 – Orientation Program
- Stipulation No. 4 – Transportation of Hydrocarbons.

**Information to Lessees:** There are nine items under the Information to Lessees that involve information not covered by the lease sale notice, the lease stipulations, or existing Notices to Lessees (NTLs) and regulations:

- a. Bird and Marine Mammal Protection
- b. Endangered and Threatened Species
- c. Sensitive Areas to be Considered in Oil-Spill-Response Plans
- d. Oil-Spill-Response Preparedness
- e. Fluids and Cuttings Discharge During Lease Activities

- f. Air-Quality Regulations and Standards
- g. Coastal Zone Management
- h. Navigation Safety
- i. Offshore Pipelines

**Minimum Bonus Bid Amount:** The blocks offered in Sale 191 have a minimum cash bonus bid amount of \$25 per hectare, or fraction thereof. This reflects a decrease from the last sale in Cook Inlet (Sale 149). That sale offered blocks with a minimum bid amount of \$62 per hectare. The MMS examined incentives to attract more interest in the Alaska OCS program and has determined that for Sale 191 the \$25 per hectare amount is appropriate.

**Rentals/Minimum Royalties/Royalty Suspension Provisions:** The blocks offered in Sale 191 have a yearly rental rate of \$5 per hectare or fraction thereof, to be paid on or before the first day of each lease year until a discovery of oil or gas, then at a rate of \$13 per hectare or fraction thereof payable on or before the last day of each lease year in any full lease year in which royalties on production are not due. This provision is applicable to all leases included in an approved unit where one or more of the unitized leases has a discovery. This rate has been reduced for Sale 191 as part of the economic incentives effort. In the recent past the rental rate was \$13 per hectare. The single rate of \$5 per hectare is appropriate for leases in the Cook Inlet prior to a discovery based on the location of the blocks being offered and lack of infrastructure on the Cook Inlet OCS. Our regulations at 30 CFR 218.151 provide for the collection of rentals on a lease until the start of royalty-bearing production. Thus, the rental of \$5 per hectare or fraction thereof is paid until a discovery in paying quantities of oil and gas. Then, a rental of \$13 per hectare or fraction thereof will apply until the lease has royalty bearing production.

**A royalty rate of 12 1/2 percent for all blocks.** This is the royalty rate that has been used in the Alaska OCS Region for many years. We are not proposing a change in this rate. However, in an effort to encourage leasing, exploration and development activities MMS has completed an analysis of royalty suspension volumes for the Cook Inlet Planning Area. Please see the Royalty Suspension Provisions for Sale 191 Oil and Gas Production included in this package.

**Changes to Nonprocurement Debarment and Suspension Provisions.** Effective November 26, 2003, regulatory changes to the Federal nonprocurement debarment and suspension regulations with certification requirements under 43 CFR Parts 12 and 18 which affect the policies and procedures MMS must use in taking suspension or debarment actions. This regulatory change also established mandatory requirements and responsibilities for participants when entering covered transactions. Potential participants in Cook Inlet Sale 191 do not need to submit certifications for debarment, suspension, and other responsibility matters. Under the new rule, before entering into a primary covered transaction and as a condition of participation in the transaction, participants must state that they are in compliance with the U.S. Department of the Interior's non-procurement debarment and suspension regulations as found under (43 CFR part 42, subpart C). We have provided a you with a notice and brief explanation about the new debarment rules. We have incorporated a statement on the suggested bid form (contained in this package). Participants are responsible for compliance and should consult the entire text of the regulations.

#### **Notices to Lessees (NTL's)**

**Electronic Funds Transfer (EFT) Payments:** The 1/5<sup>th</sup> bonus bid deposits for successful bids will be due by 1:00 P.M. Eastern Time the day following bid reading. In addition, certain bid submitters (i.e., those that do NOT currently own or operate an OCS mineral lease OR those that have ever defaulted on a 1/5<sup>th</sup> bonus payment [EFT or otherwise]) will be required to guarantee (secure) their 1/5<sup>th</sup> bonus payment prior to the submission of bids. Also, when paying the 4/5<sup>th</sup> bonus and rental payments, it is requested that only one transaction be used. Please refer to Instructions for Making EFT Bonus Payments.



## **Statistical Information – Sale 191**

**Size of Area Offered:** Approximately 2.5 million hectares (approximately 1 million acres) comprised of approximately 517 whole and partial blocks

**Range of Water Depths:** Approximately 30 feet to 650 feet (extending from 3 miles to approximately 30 miles offshore (from below Kalgin Island south to approximately Shuyak Island) and to water depths more than 650 feet)

**Range of Distance from Shore:** Approximately 3 miles to 30 nautical miles (from below Kalgin Island south to approximately Shuyak Island)

**Initial Period of Leases:** 8 years

**Royalty Rate:** 12 ½ percent applies to all blocks

For more information on the materials included in this package, please contact Mr. Tom Warren at (907) 271-6691 or Ms. Phyllis Casey at (907) 271-6697 of the Alaska OCS Region Leasing Activities Section.

State Instrumentality, or political subdivision authorized to hold property, or an entity including, but not limited to, associations or partnerships capable of holding property or interests therein under the laws of the State of Nevada. Certification of qualification, including citizenship or corporation or partnership, must accompany the bid deposit.

In order to determine the value, through appraisal, of the parcels of land proposed to be sold, certain extraordinary assumptions may have been made of the attributes and limitations of the lands and potential effects of local regulations and policies on potential future land uses. Through publication of this NORA, the Bureau of Land Management gives notice that these assumptions may not be endorsed or approved by units of local government. It is the buyer's responsibility to be aware of all applicable local government policies, laws, and regulations that would affect the subject lands, including any required dedication of lands for public uses. It is also the buyer's responsibility to be aware of existing or projected use of nearby property. When conveyed out of Federal ownership, the lands will be subject to any applicable reviews and approvals by the respective unit of local government for proposed future uses, and any such reviews and approvals will be the responsibility of the buyer. Any land lacking access from a public road or highway will be conveyed as such, and future access acquisition will be the responsibility of the buyer.

Detailed information concerning the sale, including the reservations, sale procedures and conditions, CERCLA and other environmental documents is available for review at the BLM LVFO, or by calling (702) 515-5114. This information will also be available on the Internet at <http://propertydisposal.gsa.gov>. Click on NV for Nevada. It will also be available on the Internet at <http://www.nv.blm.gov>. Click on Southern Nevada Public Land Management Act and go to Land Sales.

#### Public Comments

The general public and interested parties may submit comments regarding the proposed sale and purchase to the Field Manager, BLM LVFO, up to 45 days after publication of this notice in the **Federal Register**. Any adverse comments will be reviewed by the Nevada BLM State Director, who may sustain, vacate, or modify this realty action in whole or in part. In the absence of any adverse comments, this realty action will become the final determination of the Department of

Interior. Any comments received during this process, as well as the commentor's name and address, will be available to the public in the administrative record and/or pursuant to a Freedom of Information Act request. You may indicate for the record that you do not wish to have your name and/or address made available to the public. Any determination by the Bureau of Land Management to release or withhold the names and/or addresses of those who comment will be made on a case-by-case basis. A request from a commentor to have their name and/or address withheld from public release will be honored to the extent permissible by law.

#### Termination of R&PP Classification—SNPLMA Withdrawal

Additionally, the following leases granted under the Recreation and Public Purposes (R&PP) Act, 43 U.S.C. 869 *et. seq.*, have relinquished: N-37113 (98FR5515), N-63113 (64FR50527-50528), and N-66077 (65FR3245-3246). This notice officially terminates the R&PP classification and segregation of the parcels, but does not serve as an opening order because those parcels are within the disposal boundary set by Congress in SNPLMA. Pursuant to section 4(c) of SNPLMA, these parcels are withdraw, subject to valid existing rights, from entry and appropriation under the public land laws, location and entry under the mining laws and from operation under the mineral leasing and geothermal leasing laws, until such time as the Secretary of Interior terminates the withdrawal or the lands are patented.

Dated: April 1, 2004.

**Mark T. Morse,**  
Field Manager.

[FR Doc. 04-8535 Filed 4-14-04; 8:45 am]

**BILLING CODE 4310-HC-M**

## DEPARTMENT OF THE INTERIOR

### Minerals Management Service

#### Outer Continental Shelf (OCS) Cook Inlet Alaska, Oil and Gas Lease Sale 191

**AGENCY:** Minerals Management Service (MMS), Interior.

**ACTION:** Final notice of Sale 191, Cook Inlet.

**SUMMARY:** The MMS will hold Sale 191 on May 19, 2004, in accordance with provisions of the OCS Lands Act (43 U.S.C. 1331-1356, as amended) and the implementing regulations (30 CFR part 256).

**DATES:** Sale 191 is scheduled to be held on Wednesday, May 19, 2004, at the Wilda Marston Theatre, Z. J. Loussac Public Library, 3600 Denali Street, Anchorage, Alaska. Public opening and reading will begin at approximately 10 a.m. immediately following the planned State of Alaska Cook Inlet and Northslope Foothills Areawide Sales at the same location. All times referred to in this document are local Anchorage, Alaska, times, unless otherwise specified.

**ADDRESSES:** The "Notice of Sale Package" contains detailed information essential to potential bidders. Interested parties can obtain the package by writing or calling the: Alaska OCS Region, Information Resource Center, Minerals Management Service, 949 East 36th Avenue, Room 330, Anchorage, Alaska 99508-4302; telephone: (907) 271-6438 or 1-800-764-2627.

These documents may be viewed and downloaded from the MMS Web site at [www.mms.gov/alaska](http://www.mms.gov/alaska). Please note: This Internet site may be temporarily unavailable; if so, please contact the Information Resource Center at the address and phone number above regarding the potential restoration of this site or the availability of a temporary alternative site.

**Filing of Bids:** Bidders will be required to submit bids to MMS at the Alaska OCS Region Office, 949 East 36th Avenue, Third Floor, Anchorage, Alaska 99508 by 10 a.m. on the day before the sale, Tuesday, May 18, 2004. If bids are mailed, the envelope containing all of the sealed bids must be marked as follows: "Attention: Mr. Tom Warren, Contains Sealed Bids for Sale 191." If bids are received later than the time and date specified, they will be returned unopened to the bidders. Bidders may not modify or withdraw their bids unless the Regional Director, Alaska OCS Region, receives a written modification or written withdrawal request prior to 10 a.m., Tuesday, May 18, 2004.

**Proposed Sale Area:** The MMS is offering for bid in this sale all of the unleased acreage in the area of Cook Inlet identified on the map included as part of this notice. A detailed listing of the blocks and hectares can be obtained by request at the address given above or on the MMS Web site above.

**Lease Terms and Conditions:** For leases resulting from this sale the following terms and conditions apply:

**Initial Period:** Eight years.

**Minimum Bonus Bid Amount:** \$25 per hectare or fraction thereof for all blocks.

**Rental:** \$5 per hectare or fraction thereof, to be paid on or before the first

day of each lease year until a discovery of oil or gas, then at the rate of \$13 per hectare or fraction thereof payable on or before the last day of each lease year in any full lease year in which royalties on production are not due. This provision is applicable to all leases included in an approved unit where one or more of the unitized leases has a discovery.

*Royalty Rates:* A 12½ percent royalty rate will apply for all blocks.

*Minimum Royalty:* \$13 per hectare or fraction thereof per year, to be paid at the expiration of each lease year which commences after oil and gas is produced

and on which royalties are due. If the actual royalty paid in a lease year exceeds the minimum royalty requirement, then no minimum royalty payment is due. In those lease years in which the actual royalty is less than the prescribed minimum royalty, the difference between the prescribed minimum royalty (\$13 per hectare per year) and actual royalty must be paid.

*Royalty Suspension Areas:* A royalty suspension volume (RSV) of 30 million barrels of oil equivalent (30 MMBOE) will apply to first oil and gas production from each lease. Oil and gas production

are combined in the RSV allowance. Gas RSV is calculated on a volume basis (30 MMbbl = 168.6 Bcf). Royalty suspensions for oil are subject to price thresholds which apply to all leases. The following price thresholds (both floor and ceiling) apply to production for each lease issued. Price thresholds do not apply to gas. The price thresholds have been revised from the proposed NOS to be consistent with both current and expected future market oil prices. The price thresholds are:

Product	Price thresholds	
	Floor (not adjusted for inflation)	Ceiling—2004\$ (adjusted for inflation)
Oil (per bbl) .....	\$21.00 .....	\$39.00
Gas (per MMbtu) .....	Not Applicable .....	Not Applicable

The RSV is discussed in more detail in the Leasing Activities Information document titled "Royalty Suspension Provisions for Oil and Gas Production Cook Inlet Oil and Gas Lease Sale 191" included in the Notice of Sale Package. This document provides specific details regarding royalty suspension eligibility, price thresholds (floors and ceilings) and implementation.

*Stipulations and Information to Lessees:* The document entitled "Lease Stipulations and Information to Lessees for Oil and Gas Lease Sale 191" contains the text of the Stipulations and the Information to Lessees that apply to this sale. This document is included in the Notice of Sale 191 Package.

*Method of Bidding:* For each block bid upon, a bidder must submit a separate signed bid in a sealed envelope labeled "Sealed Bid for Oil and Gas Lease Sale 191, not to be opened until 10 a.m., Wednesday, May 19, 2004." The total amount of the bid must be in whole dollars; any cent amount above the whole dollar will be ignored by MMS. Details of the information required on the bid(s) and the bid envelope(s) are specified in the document "Bid Form and Envelope" contained in the Notice of Sale Package.

The MMS published a list of restricted joint bidders, which applies to this sale, in the **Federal Register** at 68 FR 58705 on October 10, 2003. Bidders submitting joint bids must state on the bid form the proportionate interest of each participating bidder, in percent to a maximum of five decimal places, e.g. 33.33333 percent. The MMS may require bidders to submit other documents in accordance with 30 CFR 256.46. The MMS warns bidders against violation of 18 U.S.C. 1860 prohibiting

unlawful combination or intimidation of bidders. Bidders must execute all documents in conformance with signatory authorizations on file in the Alaska OCS Region. Partnerships also must submit or have on file a list of signatories authorized to bind the partnership. Bidders are advised that MMS considers the signed bid to be a legally binding obligation on the part of the bidder(s) to comply with all applicable regulations, including paying the one-fifth bonus bid amount on all high bids. A statement to this effect must be included on each bid as specified in the document "Bid Form and Envelope" contained in the Notice of Sale Package.

*Bonus Bid Deposit:* Each bidder submitting an apparent high bid must submit a bonus bid deposit to MMS equal to one-fifth of the bonus bid amount for each such bid submitted for Sale 191. Under the authority granted by 30 CFR 256.46(b), MMS requires bidders to use electronic funds transfer (EFT) procedures for payment of the one-fifth bonus bid deposits. Such payment will be due by 1 p.m. eastern time on the day following bid reading. Such a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States. If a lease is awarded, MMS requests that only one transaction be used for payment of the four-fifths bonus bid amount and the first year's rental.

In addition, certain bid submitters (i.e., those that do not currently own or operate an OCS mineral lease OR those that have ever defaulted on a one-fifth bonus payment (EFT or otherwise)) will be required to guarantee (secure) their one-fifth bonus payment prior to the submission of bids. The detailed bid

deposit EFT procedures, including options for those submitters required to secure the EFT one-fifth bonus bid amount, are specified under "Instructions for Making EFT Bonus Payments" in the Notice of Sale 191 Package.

*Withdrawal of Blocks:* The United States reserves the right to withdraw any block from this sale prior to issuance of a written acceptance of a bid for the block.

*Acceptance, Rejection, or Return of Bids:* The United States reserves the right to reject any and all bids. In any case, no bid will be accepted, and no lease for any block will be awarded to any bidder, unless the bidder has complied with all requirements of this Notice, including the documents contained in the associated Notice of Sale 191 Package and applicable regulations; the bid is the highest valid bid; and the amount of the bid has been determined to be adequate by the authorized officer. The Attorney General of the United States may also review the results of the lease sale prior to the acceptance of bids and issuance of leases. Any bid submitted which does not conform to the requirements of this notice, the OCS Lands Act, as amended, and other applicable regulations may be returned to the person submitting that bid by the Regional Director and not considered for acceptance. To ensure that the Government receives a fair return for the conveyance of lease rights for this sale, high bids will be evaluated in accordance with MMS bid adequacy procedures.

*Successful Bidders:* As required by MMS, each company that has been awarded a lease must execute all copies of the lease (Form MMS-2005 (March

1986) as amended), pay by EFT the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155, and satisfy the bonding requirements of 30 CFR part 256, subpart I. Each bidder who is a successful high bidder must have on file in the Alaska OCS Region a currently valid certification (Debarment Certification Form) certifying that the bidder is not excluded from participation in primary covered transactions under Federal non-procurement programs and activities. A certification previously provided to that office remains currently valid until new or revised information applicable to that certification become available. In the event of new or revised applicable information, MMS will require a subsequent certification before lease issuance can occur. Persons submitting such certification should review the requirements of 43 CFR part 12, subpart D. A copy of the Debarment

Certification Form is contained in the Notice of Sale Package.

*Affirmative Action:* The MMS requests that, prior to bidding, Equal Opportunity Affirmative Action Representation Form MMS 2032 (June 1985) and Equal Opportunity Compliance Report Certification Form MMS 2033 (June 1985) be on file in the Alaska OCS Region. This certification is required by 41 CFR 60 and Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967. In any event, prior to the execution of any lease contract, both forms are required to be on file in the Alaska OCS Region.

*Notice of Bidding Systems:* Section 8(a)(8) of the OCS Lands Act (43 U.S.C. 1337(a)(8)) requires that, at least 30 days before any lease sale, a notice be submitted to Congress and published in the **Federal Register**. This Notice of Bidding Systems is for Sale 191, Cook Inlet, scheduled to be held on May 19, 2004.

In Sale 191, all blocks are being offered under a bidding system that uses

a cash bonus and a fixed royalty of 12½ percent with a royalty suspension of up to 30 MMBOE. Oil and gas would be combined in determining the use of the RSV. This bidding system is authorized under 30 CFR 260.110(a)(7), which allows use of a cash bonus bid with a royalty rate of not less than 12½ percent and with suspension of royalties for a period, volume, or value of production, and an annual rental. Analysis performed by MMS indicates that use of this system provides an incentive for development of this area while ensuring that a fair sharing of revenues will result if major discoveries are made and produced.

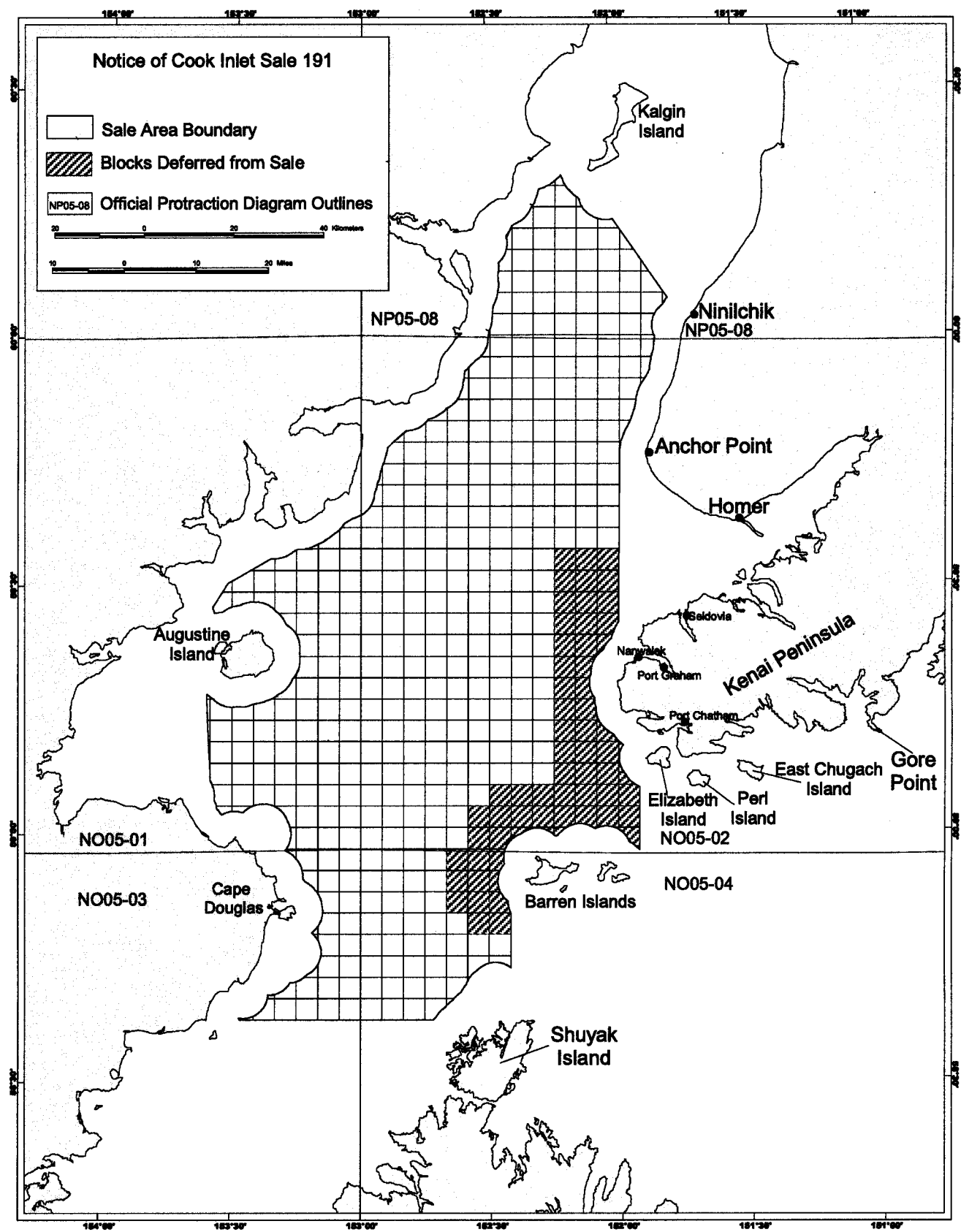
Specific royalty suspension provisions for Sale 191 are contained in the document "Royalty Suspension Provisions for Oil and Gas Production Cook Inlet Oil and Gas Lease Sale 191" included in the Notice of Sale Package.

Dated: April 7, 2004.

**R.M. "Johnnie" Burton,**

*Director, Minerals Management Service.*

**BILLING CODE 4310-MR-P**



February 17, 2004